

S&P Dow Jones Indices and Cboe Global Markets to Launch the Cboe S&P 500 Dispersion Index

NEW YORK, Sept. 25, 2023 /PRNewswire/ -- S&P Dow Jones Indices (S&P DJI), the world's leading index provider, and Cboe Global Markets, Inc. (Cboe), today announced the upcoming launch of the Cboe S&P 500 Dispersion Index (Dispersion Index or DSPX), the first-of-its-kind to measure the expected dispersion in the S&P 500 Index.

Dispersion¹ is a fundamental measure of risk and opportunity in the marketplace. It measures how differently stocks are performing or are expected to perform. As a complementary measure to market volatility – which measures overall fluctuations in stock averages like the S&P 500 Index – dispersion measures stocks movements relative to each other.

S&P Dow Jones Indices

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Similar to the way that the Cboe Volatility Index® (VIX® Index) represents implied volatility of the S&P 500 Index, this new volatility-related index is designed to represent the expected dispersion in the S&P 500 Index over the next 30 calendar days. In practice, and upon its planned launch on Wednesday, September 27, DSPX aims to offer market participants another tool for further understanding opportunities for diversification as well as risks within the world's most liquid equity benchmark.

"The launch of DSPX reinforces the S&P 500's ongoing strength as the best single gauge of the U.S. equity market and its highly liquid ecosystem," said Tim Edwards, Global Head of Index Investment Strategy at S&P Dow Jones Indices. "S&P Dow Jones Indices is pleased to collaborate with Cboe to provide the marketplace with one, standardized statistical measure of S&P 500 dispersion. Just as the VIX Index grew the volatility market, we believe a transparent and accurate measure of 30-day forward expectations will do the same for dispersion."

Using a modified version of the VIX Index methodology, a rigorous and transparent approach to providing a market expectation for the implied 30-day volatility in the S&P 500 Index, DSPX is calculated from the prices of S&P 500 index options and the prices of single stock options of selected S&P 500 constituents. By integrating the VIX methodology into the Dispersion Index, S&P DJI and Cboe hope to facilitate greater transparency and improve market participant's understanding of this broad-based security index's methodology.

"Cboe and S&P Dow Jones Indices have a long-standing history of collaboration and share a common vision to continually innovate and offer solutions that benefit a diverse range of investors," said Rob Hocking, Senior Vice President and Head of Product Innovation at Cboe Global Markets. "Our latest creation, the Cboe S&P 500 Dispersion Index, builds upon our collective expertise in developing and managing financial market indices — many of which have become some of the world's most trusted benchmarks. We believe that the new DSPX index will be a valuable addition to our S&P volatility toolkit, providing another tool to help investors more effectively navigate the complexities of the equity markets."

Like other volatility-based indices, such as the VIX Index, but unlike indices based on equity or fixed income securities, the Dispersion Index is not expected to display a long-term trend for growth. Instead, the Index is anticipated to show a degree of mean reversion - returning from highs or lows to a more "normal" level. The "normal" level to which the index returns to may drift somewhat over time with the prevailing market conditions and mix of securities included in the S&P 500 Index.

S&P DJI and Cboe collaborated to develop and launch DSPX. S&P DJI is the benchmark administrator and Cboe is the calculation agent. Additionally, S&P DJI has provided Cboe with an exclusive license to launch listed contracts linked to the Dispersion Index. To view the methodology for the Cboe S&P 500 Dispersion Index, please visit <https://www.spglobal.com/spdji/en/>.

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¹ See "[Dispersion: Measuring Market Opportunity](#)" for a formal definition of dispersion and more information on its uses.

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